

**City Council Budget Work Session
June 26, 2023**

The City Council of the City of Elizabeth City met in work session on Monday, June 26, 2023 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Kirk Rivers
Mayor Pro Tem Kem Spence (*Arrived at 5:38 p.m.*)
Councilman Johnson Biggs
Councilman Joseph Peel
Councilman Jarvis Gibbs
Councilwoman Rose Whitehurst
Councilwoman Katherine Felton
Councilwoman Barbara Baxter
Councilman Johnnie Walton

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Montre' Freeman
Chief of Police J. Phillip Webster
Finance Director, Alicia Steward
Assistant Finance Director Brian Lewis
Human Resources Director Montique McClary
Electric Superintendent Donnell White
Interim Community Development Director Reggie Goodson
Deputy Chief of Police James Avens
Public Utilities Director Dwan Bell
Parks and Recreation Director Sean Clark
Fire Chief Chris Carver
ECDI Director Debbie Malenfant
IT Director Matthew Simpson
IT Systems Analyst Pedro Holley II
City Clerk April Onley

Mayor Rivers called the Budget Work Session to order at 5:30 p.m. Councilman Gibbs provided the invocation, after which Councilwoman Whitehurst led the Pledge of Allegiance.

1. Agenda Adjustments and Approval:

Mayor Rivers requested the Council's pleasure on the prepared agenda.

Motion was made by Councilman Johnson Biggs, seconded by Councilman Joseph Peel to approve the agenda as presented. Those voting in favor of the motion were: Biggs, Peel, Gibbs, Whitehurst, Felton, Baxter and Walton. Against: None. Motion carried.

2. Committee Reports (Finance Only):

a. Finance Committee (All);

i. Consideration – Authorize Application to Firehouse Subs Grant;

Manager Freeman advised that this item had no budgetary impact. We are trying to get more creative with how we secure resources for our Fire Department.

Motion was made by Councilwoman Katherine Felton, seconded by Councilwoman Rose Whitehurst to approve the application. Those voting in

favor of the motion were: Biggs, Peel, Gibbs, Whitehurst, Spence, Felton, Baxter and Walton. Against: None. Motion carried.

ii. Consideration – Authorize Application to Leary Firefighter's Foundation;

Manager Freeman explained that this was another application for the Fire Department with no budgetary impact. If we received the grant, it would allow for the purchase of rescue jacks.

Motion was made by Councilman Joseph Peel, seconded by Councilwoman Katherine Felton to approve the application. Those voting in favor of the motion were: Biggs, Peel, Gibbs, Whitehurst, Spence, Felton, Baxter and Walton. Against: None. Motion carried.

Councilman Biggs stated that both of these items would move forward and appear on the consent agenda for the July 10th meeting.

iii. Discussion – Any Additional Questions / Concerns on FY 2023-2024 Budget;

Manager Freeman said he'd just emailed out a new budget ordinance before the meeting. We have included a \$1 increase for solid waste, as well as an increase for the downtown district's refuse for residential and small commercial. The main change in the budget ordinance is Section 5. He explained that as he understood it, there will be a salary increase of \$500 for all employees with the exception of sworn law enforcement and electrical lineman. He reiterated that was based on his understanding of the Council's wishes and asked if they wanted something else to please let him know at this time. Councilman Biggs said he couldn't speak for everyone but his intent was that the \$500 should be for everyone. He believed we already approved the \$500 increase for the prior fiscal year and did not feel that he would support a clawback, so to speak. Councilman Peel agreed. He opined that it doesn't make sense if we're raising salaries but we're going to cut this for certain people. He didn't feel that would send the right message. He stated that he was all for including everyone in the \$500 increase. He believed that it was agreed on during the budget discussion. Councilman Walton asked that as it stands, is this amount in the budget? Is it balanced? Manager Freeman explained that what wasn't in the budget the Council received was the budgetary impact from the 2022-2023 increases. He felt that last year's budget ordinance contained conflicting statements. It looked like a one-time payment because taxes were paid, but no 401(k), etc. came out. The money has already been given. The question becomes at the end of the fiscal year now, do employees say they made \$500 more or do they say they got a \$500 bonus? If you intend for the \$500 to be a salary increase, which means that we need to pay FICA, 401(k) and all of that, we need to reflect that in how the budget ordinance reads. The proposed budget for 2023-2024 would have everyone in it. He noted that he had all the options ready to go at this time, it just depended on what the Council wanted. Councilman Walton asked if a person who had been here for a few weeks and a person who had been here for 10 years would be getting the same raise. Manager Freeman replied that yes, they would.

Councilwoman Felton said when it was passed last year, there was no conversation whatsoever about not giving the increase to the police or lineman. She was under the impression that it was given to all the employees and it was over and done. Manager Freeman said he was under that impression as well, but the paperwork had not been done in that way. It had been issued in such a way that looked like it was given as a bonus, but he'd had conversations and looked at the ordinance and it was determined that it was supposed to be a salary increase. Councilwoman Felton said in this current budget here, the explanation was that it should be a salary increase. Councilman Gibbs agreed that it was an increase.

Motion was made by Mayor Pro Tem Kem Spence to make the \$500 payment from last year's budget process a salary increase. The motion was seconded by Councilman Jarvis Gibbs.

Mayor Rivers noted that he'd had the Clerk bring him last year's ordinance and Section 5 did read that it was a \$500 salary increase.

Councilwoman Felton asked if police are included in that. Mayor Rivers confirmed that they were. He explained that last year, they did not include people who had not been here for a period of less than three months, but this year we're looking at everyone no matter the length of their employment.

Those voting in favor of the motion were: Biggs, Peel, Gibbs, Whitehurst, Spence, Felton, Baxter and Walton. Against: None. Motion carried.

Councilman Peel suggested that we check into whether retirement needed to be taken out of bonuses because he knew it had to be when they were given in the schools. Manager Freeman said he was clear on where the Council wanted to go now.

Councilman Biggs said he'd had a question about capital expenditure for a new trash truck – did we get that added in? He didn't see the amount in the budget. Assistant Director Lewis confirmed that it was not in there. Manager Freeman said they were looking at pulling it out of fund balance. Councilman Biggs said that was correct. The plan was to pull it from the solid waste fund balance, and the savings from the end of curbside recycling and the additional fee would make up the difference in contingency so we could hopefully repay ourselves in two years. He pointed out that he didn't see the contingency amount in there or the capital expenditure so he was just checking. Manager Freeman said he and Assistant Director Lewis had discussed another option as well and they could talk about that later. Councilman Biggs asked if that would change the budget ordinance. Manager Freeman said it would, but he could have an updated one ready quickly.

Councilman Walton said he still wasn't clear on the amendment process. We'd had a conversation a few weeks ago and one side was against the other. He wanted the issue cleared up so they'd know going forward which was correct. Councilman Biggs said when the budget amendment was done for the particular item in question, they'd debited a different account. The law he reviewed said you could not debit permitting fees, but he'd have to yield to the manager because he was the one who did the research. Manager Freeman said the law does say you can't debit permitting fees. He'd reached out to the LGC and he was told only the amount that was significantly over could go to other line items. So as not to seem contentious, we pulled it from another line item. He kept it nice and clean. They did circle back to the LGC to make sure they understood it and had a follow-up conference call.

Councilman Walton asked if it's true that every fund has a separate fund and a fund balance. Manager Freeman said that's correct, but this was an unusual situation. The law did not preclude us from spending the excess, but not out of the specific account that we were trying to spend it from. We would have had to do about three extra budget amendments to get it done, so it was easier to move it from somewhere else entirely.

Manager Freeman advised the Council he would make the requested changes to the budget ordinance and have it ready for the 7:00 p.m. meeting for final approval.

Mayor Pro Tem Spence told the manager that he appreciated the hard work he and the Finance Department had done to get to this point. Mayor Rivers thanked the Council for making all the extra meetings. He noted that as we move forward, we will have the public hearing at 7:00 p.m. and then we'll hopefully adopt the budget tonight.

Manager Freeman thanked the Council for working with his team.

Councilman Biggs noted that not just Finance, but a lot of other department directors and deputy directors had dedicated a lot of hours and a lot of nights to these meetings and he appreciated it. It's been a long process and he thanked everyone for everything they did to get us here.

3. Closed Session – As Allowed by NCGS 143-318.11(a)(3) – Consultation with City Attorney:

Motion was made by Councilman Joseph Peel, seconded by Mayor Pro Tem Kem Spence to enter closed session as allowed by NCGS 143-318.11(a)(3) for Consultation with the City Attorney at 6:03 p.m. Those voting in favor of the motion were: Biggs, Peel, Gibbs, Whitehurst, Spence, Felton, Baxter and Walton. Against: None. Motion carried.

Mayor Rivers advised the Council would retire to the Manager's Conference Room for Closed Session.

The Council returned to open session at 6:38 p.m.

4. Adjournment:

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:39 p.m.

E. Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC

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